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SUBJECT: PRIME MINISTER HATOYAMA'S FOCUS ON CHINA

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[1](#)B. TOKYO 984

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Classified By: CDA James P. Zumwalt for reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY: Prime Minister (PM) Yukio Hatoyama has made Sino-Japanese ties a foreign policy priority as he seeks to establish political footing abroad. A key policy challenge facing his new Democratic Party of Japan (DPJ)-led coalition government is maintaining the current political goodwill between Japan and China and advancing the still somewhat amorphous concept of a "mutually beneficial relationship based on common strategic interests." The PM set the policy tone early when, in the run-up to the August 30 general election, he publicly declared his longstanding opposition to official visits to Yasukuni Shrine. Press statements and recent speeches suggest that Hatoyama sees regional mechanisms, mainly his much-publicized "East Asia Community" (EAC) concept, as a way to realize his China policy objectives and to enhance ties beyond traditional bilateral frameworks. The PM, however, must weigh the diverse set of views within his party as well as those of DPJ Secretary General Ichiro Ozawa, whose perspective on China in the past has shaped the party's public position on the issue. Potential limits to cooperation with Beijing exist, despite Hatoyama's outreach efforts. Japan continues to search for ways to hold frank discussions on key concerns such as Chinese military modernization and longstanding maritime and territorial disputes. END SUMMARY

[1](#)2. (C) One of the key policy challenges facing the new DPJ-led coalition government is advancing the policy initiated by Prime Minister Hatoyama's immediate predecessors to improve relations with China. Tokyo Embassy interlocutors agree that Sino-Japanese ties have improved markedly since the tension-filled years of former Prime Minister Junichiro Koizumi. Since 2006, Japan and China have held several high-level meetings at bilateral, trilateral, and multilateral venues, deepened trade ties and economic interdependence, and accelerated military confidence-building discussions on issues such as disaster relief and antipiracy. Japan's China observers, however, cite longstanding maritime and territorial disputes, divergent interpretations of Japan's wartime past, China's poor food and product safety

record, and the country's growing military, economic, and political regional and global influence as underlying strains that continue to bedevil overall ties and test Prime Minister Hatoyama and his government.

Adopting Finer Points of Previous Administrations

13. (C) Keenly cognizant of China's increasing economic and political importance and mindful of the sensitivities inherent in the relationship, Hatoyama has made Sino-Japanese ties a foreign policy priority as he seeks to establish political footing domestically and abroad. He appears to be following a somewhat reliable blueprint mapped out by his immediate predecessors, Taro Aso, Yasuo Fukuda, and Shinzo Abe. Although universally panned for their leadership limitations, the troika of former prime ministers maintained smooth ties by stressing the importance of high-level dialogue and visits, and by avoiding visits to the controversial Yasukuni Shrine--the commemorative resting place of Japan's war dead, including 14 class A war criminals. Aso himself met Chinese leadership multiple times during his short tenure. In this way, Hatoyama's approach to China can be considered an area of policy continuity with the Aso government.

14. (C) Hatoyama set the policy tone early when, in the run-up to the August 30 general election, he publicly declared his longstanding opposition to official visits to Yasukuni Shrine. In August, during the Shrine's fall festival, the DPJ leader publicly stated his intention not to visit the Shrine and underscored his preference for all Cabinet members to do the same. Hatoyama's decision to appoint Katsuya Okada

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as Foreign Minister (FM) also resonated positively with China, given Okada's stance on Japan's wartime responsibility, MOFA officials told U.S. Embassy Tokyo. "Japan must properly assess the fact that it embarked on that wretched, foolish war," Okada has declared in the past.

15. (C) Hatoyama has sustained his policy focus on China since becoming prime minister. In his first press conference as the nation's leader on September 17, Hatoyama called for building a "relationship of trust" with China. He expounded on this ideal during the September 21 meeting with Chinese President Hu on the margins of the UN General Assembly in New York. The two leaders agreed to deepen bilateral ties and make the relationship "more substantive," according to press readouts and Embassy MOFA contacts. Hatoyama underscored the importance of acknowledging and overcoming differences. On history-related issues, for example, he conveyed support for then Prime Minister Tomiichi Murayama's 1995 statement of "regret and remorse" over past Japanese militarism. On disputed offshore gas fields in the East China Sea (ECS), Hatoyama proposed creating a "Sea of Fraternity," to which Hu responded by raising his own calls for a sea of "peace, friendship, and cooperation" as well as the advent of long-awaited bilateral negotiations, postponed since both sides signed a joint development agreement in June 2008. Hatoyama will continue these efforts to improve relations during his October 10 trip to Beijing, where he is scheduled to meet Hu again on the margins of the second trilateral Japan-China-South Korea Summit (septel).

16. (C) Embassy sources tell us that Chinese officials are responding positively to Hatoyama's gestures. Beijing invited Hatoyama to visit China in September, MOFA officials told Embassy Tokyo. Chinese Premier Wen Jiabao sent a congratulatory message to Hatoyama on September 16 calling for stronger bilateral relations "starting from a new historic threshold." Wen expressed hope the two countries could work together to push for "fresh developments." "As neighbors, efforts to deepen the mutual trust and cooperation

between China and Japan are in keeping with the fundamental interests of both nations and their people," the Chinese Premier stated.

East Asia Community as Means to Manage China

17. (C) Press statements and recent overseas speeches suggest that Hatoyama sees regional mechanisms, including his much-publicized "East Asia Community" (EAC) concept, as a way to realize his China policy objectives and to enhance ties beyond traditional bilateral frameworks. Although his EAC vision lacks granularity at this early stage and has been the subject of much media criticism for being "unrealistic" and "outdated," Hatoyama is still pitching the idea to regional counterparts, most notably to Hu during their meeting on September 21. He told Hu that the "Community" would be based on a "fraternity spirit" in Asia. The PM sees China as the key to jump-starting the EAC ideal and appears more sanguine than other leaders about tackling political issues as they relate to a potential Community. Hatoyama told Hu that resolving the countries' prolonged disputes could be the starting point, according to MOFA China Division officials. Hatoyama's "Sea of Fraternity" vision and efforts to strengthen existing partnerships, to China and ASEAN member countries for example, could serve as the foundation for the broader Community idea, other MOFA officials add. Tsuyoshi Yamaguchi, a DPJ lawmaker and member of Deputy Prime Minister Naoto Kan's National Strategy Bureau (NSB), has told us that he (Yamaguchi) is working on building momentum and fleshing out the EAC idea by focusing on a few concrete cooperative initiatives with China and Korea. For example, Yamaguchi is considering pursuing ECS development as an "Asian project."

18. (C) Speculation abounds about the content and overall composition of the framework as well as Chinese receptivity to the EAC, but one consistent message from our interlocutors

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has been that the EAC is a long term vision and that the concept does not necessarily exclude the United States. Hatoyama stressed this point during his first press conference as prime minister. The specifics are still developing, but the EAC would "not lessen the importance of U.S.-Japan relations," senior DPJ member Kozo Watanabe told us. MOFA Asian and Oceanian Affairs Bureau Director General Akitaka Saiki has downplayed U.S. concerns about the idea as well. Having briefed Hatoyama multiple times on Asia policy, he assured Embassy Tokyo that the new administration wants the United States to play a major regional role.

19. (C) In his remarks October 7 at the Foreign Correspondent's Club, Okada reiterated that a strong alliance with the United States and better relations with Japan's neighbors can be pursued simultaneously. Okada outlined his vision of the EAC as comprising ASEAN, China, Japan, Korea, Australia, New Zealand, and India. The United States is not excluded in the same way Japan does not feel excluded from the EU or NAFTA, he said. The upcoming Japan-China-Korea Summit in Beijing provides a chance to expound on the EAC concept, Okada added. Initially, the focus should be on deepening economic interdependence and cooperation on energy, environment, and public health. Some MOFA officials reiterate Okada's point that only energy-, health-, and environment-related issues will fill the main agenda to start. During his September 28 meeting with Chinese Foreign Minister Yang Jiechi in Shanghai, FM Okada mentioned that policy coordination should begin in these three areas before gradually transitioning to more politically sensitive issues, according to MOFA's China managers. However, some Embassy contacts, such as DPJ foreign policy expert and Vice Minister for Internal Affairs and Communication Shu Watanabe, describe the EAC concept as nothing more than an effort to increase people-to-people contact. Economic integration and other hard topics will not move forward, Shu Watanabe insists.

¶10. (C) Although idealistic in tone, Hatoyama's vision subtly mirrors a general view shared by several Embassy interlocutors who take a more hardline approach to China. They stress the importance of using multilateral mechanisms to "lock" China in, encourage Beijing to abide by international standards and norms, and encircle the country by strengthening ties to third country neighbors, such as South Korea and ASEAN. Japan's China observers regularly cite Beijing's preference to deal with countries bilaterally often in contravention of global concerns regarding human rights, rule of law, and democratic processes. They see Chinese membership in mechanisms such as APEC, the East Asia Summit, and ASEAN-related groupings as a way, in part, to compel Beijing to play responsibly and by the rules.

Japan as Regional Link

¶11. (C) Hatoyama probably envisions his objectives in Asia as serving the additional purpose of enhancing Japan's role as link between the region and the United States. Japan can serve as a "connector" between Asia and the United States, Okada reportedly told Chinese Foreign Minister Yang in Shanghai on September 28. Hatoyama has sought to assure concerned parties that an EAC and robust Sino-Japanese ties do not come at the expense of relations with Japan's most important ally, despite his much-publicized desire to reevaluate the parameters of the Alliance. The PM also has said that improvement in Sino-Japanese ties is a plus for the United States, just as improvement in U.S.-China ties is a plus for Japan.

Potential Room for Policy Unity Within the DPJ

¶12. (C) Some Embassy interlocutors argue that policy cohesion on issues such as China is more possible than before as the DPJ matures from a party of sundry political transplants to a party comprising original DPJ members, starting with the 143

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first-term DPJ Diet members elected on August 30. Absent concrete policy details, members agree on the importance of Sino-Japanese ties as part of an overall foreign policy approach to Asia. Hatoyama's and Okada's inaugural press conference statements reinforced the main points outlined in pre-election party Manifesto calls for "proactive foreign relations" and a more "Asia-centered" foreign policy.

Internal and External Challenges Exist

¶13. (C) That said, Hatoyama must still manage ideological diversity within his party on issues related to China. DPJ members differ on the extent to which they see China as a threat, and on the extent to which they view bilateral and multilateral engagement as a means to curb Chinese influence in Asia. DPJ members who downplay Chinese military and political intentions view engagement with China and other regional neighbors primarily as tool to strengthen ties within the region. Party centrists and more right-of-center conservatives see engagement as a way to check and counter China's growing regional influence (Ref A). There also exists the preference of some members within Hatoyama's party, and within the ruling coalition more broadly, to take a hardline stance against China's human rights record, particularly in Tibet and Xinjiang, and to support Taiwan membership in international organizations--a view held by DPJ member and Defense Ministry Parliamentary Secretary Akihisa Nagashima and by Deputy Prime Minister Naoto Kan, among others.

¶14. (C) Hatoyama also must weigh the views of DPJ Secretary General Ichiro Ozawa, whose perspective on China has, in the past, helped shape the party's public position on the issue. Ozawa enjoys ties to China--he meets annually with Chinese leadership--while at the same time is a large Taiwan supporter, MOFA officials told Embassy Tokyo. Ozawa was instrumental in recruiting the newest crop of DPJ Diet members and is thus in position to infuse his own policy preferences into China-related issues.

¶15. (C) There are potential limits to cooperation with Beijing as well, despite Hatoyama's outreach efforts. Japan continues to call for frank discussions on key concerns such as Chinese military modernization and longstanding maritime and territorial disputes (Ref B). The East China Sea and disputes over the Senkaku Islands remain a "big problem," MOFA's China Division regularly notes. Japanese public opinion on such sovereignty-related issues, and ongoing concerns about China's food and product safety record, among other issues, could further constrain Hatoyama's efforts.

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